



The GLO-CDR Implementation Manual provides guidance for CDBG-DR and CDBG-MIT subrecipients and should not be construed as exhaustive instructions.

CHAPTER 18—PLANNING, ECONOMIC DEVELOPMENT, & PUBLIC SERVICES

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CHAPTER 18—PLANNING, ECONOMIC REVITALIZATION, & PUBLIC SERVICES

This chapter provides instructions to subrecipients for developing and adopting planning, economic revitalization, and public services guidelines. Refer to the relevant action plan for specific guidance on planning activities. Links to resources and materials are found in the [Resources](#) section at the end of this chapter (including GLO-CDR's Economic Revitalization Program [Resources](#)—Resource 18.1 and HUD's CDBG Economic Development Toolkit [Resources](#)—Resource 18.2) and are available at www.recovery.texas.gov.

18.1 Planning Purpose and Goals

The GLO is committed to ensuring that CDBG-DR and CDBG-MIT funded projects provide the maximum amount of benefit to victims of past disasters and help minimize the damage caused in future events. Local, regional and State planning efforts will help identify projects and activities that will meet both objectives.

Planning activities should:

- Promote sound, sustainable long-term recovery planning informed by a post-disaster evaluation of hazard risk, especially land-use decisions that reflect responsible flood plain management and take into account future possible extreme weather events and other natural hazards and long-term risks;
- Coordinate with local and regional planning efforts to ensure consistency, and promote community-level and/or regional (e.g., multiple local jurisdictions) post-disaster recovery and mitigation planning;
- Integrate mitigation measures into rebuilding activities and achieve objectives outlined in regionally or locally established plans and policies that are designed to reduce future risk to the jurisdiction;
- Consider the costs and benefits of the project;
- Ensure that activities will avoid disproportionate impact on vulnerable populations such as, but not limited to, families and individuals that are homeless or at risk of homelessness, the elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents;
- Ensure that activities create opportunities to address economic inequities facing local communities;



- Align investments with other planned state or local capital improvements and infrastructure development efforts, and work to foster the potential for additional infrastructure funding from multiple sources, including existing state and local capital improvement projects in planning, and potential private investment; and
- Employ adaptable and reliable technologies to guard against premature obsolescence of infrastructure.

18.2 Identifying Planning Needs

Because of the scope and nature of past disasters and the potential impact of future ones, the GLO-CDR may concentrate its planning efforts on regional approaches as well as the development of specific local solutions. This multi-layered approach will help promote sound long-term recovery efforts. Specific recovery needs will be identified through a variety of sources, including but not limited to: community surveys, public meetings, requests for information, and listening sessions.

18.3 Planning Funding

With the exception of localities receiving direct allocations or those who have received GLO approval, planning funds will be administered by the GLO-CDR. Localities with direct planning allocations may incur costs for data gathering, studies, analysis, preparation of plans and identification of actions that will implement plans as well as for staff time costs associated with these activities.

For GLO-CDR administered planning funding the GLO-CDR will make all final determinations regarding planning studies to identify scopes, the parameters of the planning efforts, and the type of data that will be gathered. This will ensure that planning efforts are undertaken in a comprehensive, consistent manner.

Subrecipients must submit an application to the GLO-CDR defining their use of designated planning funds.

The GLO-CDR may also make planning funds available for a competitive application process allowing local governmental entities to apply for specific studies of their choosing. Subrecipients conducting localized planning studies shall identify unmet needs and mitigation and resiliency solutions within the subrecipient's locality or region.

The amount of CDBG-DR and/or CDBG-MIT funds that may be used for planning activities may be capped or subject to the statutory limitation on planning and administrative costs.



18.4 Planning Activities

Planning efforts may include, but are not limited to, the following:

- General planning to assist in determining community disaster recovery needs;
- Urban environmental design;
- Flood control;
- Drainage improvement;
- Resilient housing solutions;
- Analysis of impediments to fair housing choice;
- Fair housing;
- Comprehensive plans;
- Individual project plans;
- Community Development plans;
- Capital improvement programs;
- Small area and neighborhood plans;
- Environmental and historic preservation studies;
- Homelessness;
- Surge protection;
- Economic revitalization/development;
- Infrastructure improvements;
- Functional plans (such as plans for housing, land use, energy conservation or economic development);
- Mitigation; and
- More detailed description of planning and capacity building activities is located at 24 CFR 570.205 of the regulations, HCDA 105(a)(12).

Ineligible planning activities include those that:

- Do not have a direct tie-back to the specific disaster associated with the CDBG-DR funds;
- Engineering or architecture plans in support of construction activities;
- Will not impact the intended geographic area; and
- Are outside of any set funding caps or limitations.

18.5 Planning Procurement and Selection

A subrecipient conducting a planning activity may need to procure an outside provider to perform the study. If formally procured, the requirements at 2 CFR 200 must be followed (see Chapter 5).



For planning activities conducted by the GLO, selection criteria will be established in the application, Notice of Funding Availability (NOFA), procurement action, or other competitive process and should include at a minimum:

- Planning activity;
- Organizational experience;
- Cost reasonableness and effectiveness; and
- Management of planning activity.

18.6 Economic Revitalization Purpose and Goals

Economic revitalization is the third primary component of a comprehensive long-term recovery program, along with housing and infrastructure restoration. Economic revitalization activities are vital not only for the long-term recovery and restoration of housing through job creation and retention but for the long-term viability of regions, communities and neighborhoods.

CDBG-DR funds earmarked for economic revitalization activities help provide recovery assistance to impacted businesses through grants, deferred forgivable loans and other loans in exchange for job creation or retention principally for Low-to-Moderate Income (LMI) employees.

Each economic revitalization activity shall demonstrate how it will contribute to the long-term recovery and restoration of housing. Businesses participate in economic revitalization programs will create or retain jobs, providing employee household members with additional or sustained financial resources to rent, finance, maintain and/or improve their homes. The program will provide a boost to local economies, including the housing market, through increased payrolls, business activity, and tax revenue.

For economic or other non-physical losses, post-disaster analyses or assessments may best document the relationship between the loss and the disaster. The tie to the disaster should be evidenced in every activity file.

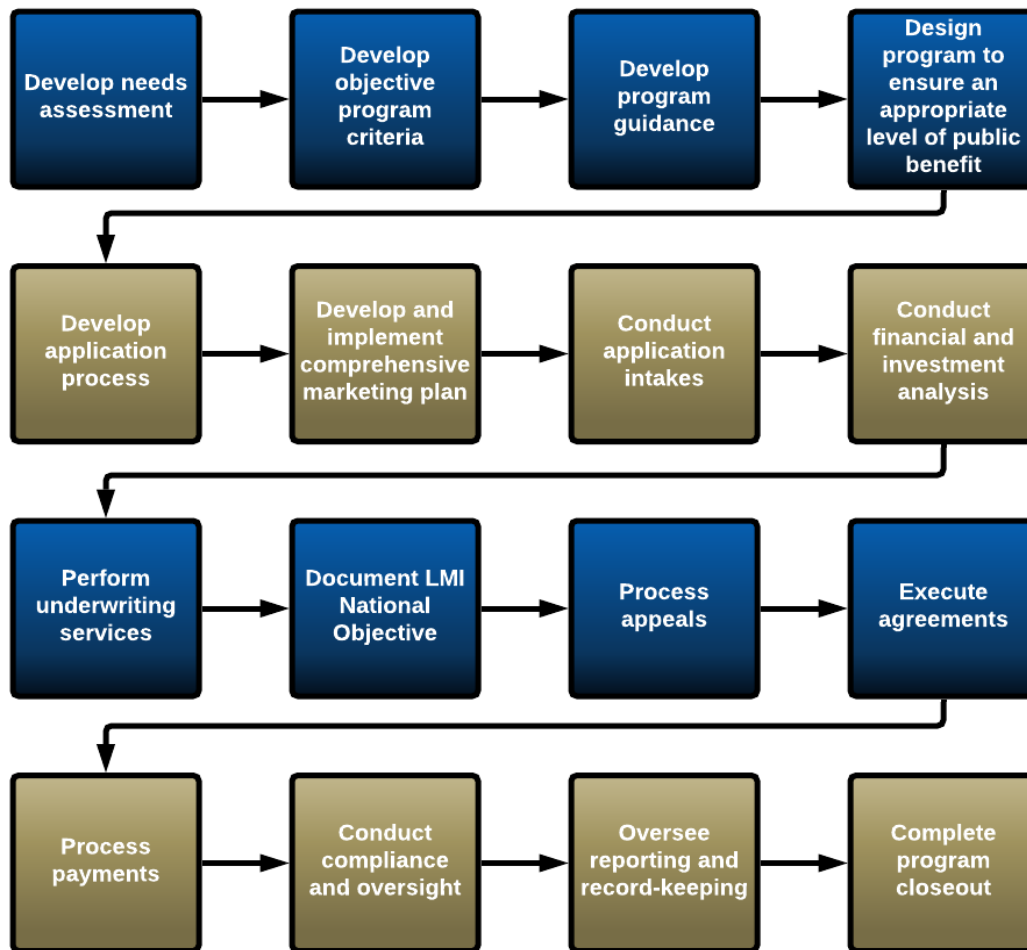
All CDBG-DR Economic Development activities must meet a National Objectives defined in the authorizing statute of the CDBG program:

- LMC Microenterprises [24 CFR 570.208(a)(2)(iii)]
- LMJ [24 CFR 570.208(a)(4)]
- LMA [24 CFR 570.208(a)(1)]
- Urgent Need [24 CFR 570.208(c)]

GLO CDBG-DR and CDBG-MIT funded economic revitalization programs will follow the basic process outlined below:



Economic Revitalization Program Process



18.7 Economic Revitalization Funding

Economic revitalization funds are disbursed in the form of grants, deferred forgivable loans, or loans to small businesses as defined the SBA at 13 CFR part 121 or businesses engaged in “farming operations” that meet the U.S Department of Agriculture Farm Service Agency criteria described at 7 CFR 1400.500.

18.8 Economic Revitalization Eligibility

The Action Plan for each disaster event describes the National Objective(s) that economic revitalization activities must meet. Eligible economic revitalization activities may include:

- Working capital;
- Commercial construction improvements;



- Equipment;
- Job training;
- Job Creation;
- Providing loans and grants to businesses;
- Making improvements to commercial/retail districts; and
- Financing other efforts that attract/retain workers in devastated communities.

Ineligible economic revitalization activities include those that:

- Do not have a direct tie-back to the specific disaster associated with the CDBG-DR funds;
- Fail to meet the CDBG National Objective(s) described in the Action Plan;
- Provide assistance to a business not defined as a small business;
- Provide assistance to any privately-owned utility;
- Fail to meet cost-reasonableness or other underwriting criteria; or
- Assist a business that received prior federal disaster relief assistance which required that the business or entity maintain flood insurance and the business or entity failed to do so.

For more information about eligible and ineligible activities, contact your GLO Grant Manager.

18.9 Economic Revitalization Underwriting Review

Proposed CDBG-DR and CDBG-MIT funded economic revitalization projects will undergo an underwriting review to evaluate and select economic development projects as described in guidelines at 24 CFR Section 570.209. The underwriting guidelines are designed to ensure that:

- Project costs are reasonable;
- All sources of project financing are committed;
- To the extent practicable, CDBG funds are not substituted for non-federal financial support;
- The project is financially feasible;
- To the extent practicable, the return on the owner's equity investment will not be unreasonably high; and
- To the extent practicable, CDBG funds are disbursed on a pro rata basis with other finances provided to the project.

18.10 Fair Housing and Equal Opportunity Collection

The Program may collect demographic data relating to the beneficiary(ies) receiving assistance, including information about the Applicant Business owners, and staff in the positions created or retained as part of the National Objective completion.



18.11 Economic Revitalization Elevation and Environmental Standards

Nonresidential structures must be elevated to the standards or flood-proofed, in accordance with FEMA flood-proofing standards at 44 CFR 60.3(c)(3)(ii) or successor standard, up to at least two feet above the 100-year (or 1 percent annual chance) floodplain. Critical Action facilities such as hospitals, nursing homes, and other facilities as defined at 24 CFR 55.2(b)(3) located within the 500-year (or 0.2 percent annual chance) floodplain must be elevated or flood-proofed to the higher of the 500-year floodplain elevation or three feet above the 100- year floodplain elevation. If the 500-year floodplain or elevation is unavailable, and the Critical Action facility is in the 100- year floodplain, then the structure must be elevated or flood-proofed at least three feet above the 100-year floodplain elevation.

Economic revitalization activities shall also comply with the appropriate environmental requirements outlined in 24 CFR part 58. For more information, see Chapter 6 – Environmental.

18.12 Economic Revitalization Flood Insurance Requirements

Business facilities located within the special flood hazard area (100-year floodplain) that receive economic revitalization assistance for repairs, improvements, or acquisition shall purchase and maintain flood insurance for the assisted facility in perpetuity. Flood insurance is not required for HUD-assisted leasing of a building or structure provided that the assistance is not used for repairs, improvements, and acquisition.

Businesses using economic revitalization assistance to purchase equipment, inventory, or other items considered “contents” under a flood insurance policy that are stored at a facility located within the special flood hazard area shall also purchase and maintain flood insurance.

18.13 Economic Revitalization Reporting Requirements

Depending on how the CDBG-DR and CDBG-MIT funds are used (for example: working capital, equipment purchase, construction) subrecipients and benefitting businesses’ reporting requirements may include, but are not limited to, the following:

- Tracking and reporting of Section 3 compliance;
- Collection and reporting of applicant data;
- Job creation-related data collection and reporting;
- Procurement;
- Labor Standards compliance; and
- Retention of records.



18.14 Economic Revitalization Procurement and Selection

Economic Revitalization beneficiaries and/or subrecipients are selected through an application, NOFA, or other competitive process. The application or NOFA clearly establishes the process and acceptance period, threshold criteria, selection criteria, and the award process.

Selection criteria will be established in the application, NOFA or competitive process and should include, at a minimum, the following:

- Activity/project description;
- Organizational experience;
- Cost reasonableness and effectiveness;
- Management of activity/project; and
- Expected benefit (anticipated jobs created).

18.15 Public Services Purpose and Goals

CDBG-DR and CDBG-MIT program subrecipients are required to assess whether public services are necessary to complement activities intended to address housing, infrastructure, and economic revitalization and how those services are to be made accessible to individuals having wide-ranging disabilities including mobility, sensory, developmental, emotional, and other impairments.

All CDBG-DR and CDBG-MIT funded public service activities must meet at least one of the three National Objectives defined in the authorizing statute of the CDBG program:

- Benefiting Low- and Moderate-Income Persons (LMI) (80 percent of Area Median Income);
- Preventing or Eliminating Slum or Blight; and
- Meeting an urgent need by alleviating emergency conditions (such as providing assistance to households making in excess of 80 percent of the Area Median Income (AMI)).

18.16 Identifying Public Services Needs

Public services programs and activities should be based on needs determined through a needs assessment. The needs assessment may help identify vulnerable and affected populations to target public services programs and to prioritize when considering options. Target or priority populations may include but are not limited to:

- Elderly or disabled individuals;
- Families with young children;



- Homeless populations; and
- Individuals and families in need of disaster recovery services.

For public service programs funded by CDBG, the service must be a new service or a “quantifiable increase in service.” More information is available at Basically CDBG for States, <https://www.hudexchange.info/sites/onecpd/assets/File/Basically-CDBG-State-Chapter-7-Public-Services.pdf>.

18.17 Establishing Record Keeping, Financial Systems, Public Services Program Guidelines

Subrecipients may indeed be providing highly effective public services to its low-income clientele; but it is only through its record-keeping and financial systems that the subrecipient will be able to justify its use of CDBG funds by showing that the activities were both eligible and consistent with its Subrecipient Agreement with the GLO, and that its expenses were appropriate and allowable under the program guidelines.

Subrecipients that implement public services programs with CDBG-DR and/or CDBG-MIT funds should develop public services guidelines that detail what service the program will provide and how selection criteria and any prioritization of beneficiaries should be established in the guidelines.

18.18 Public Services Funding

Most CDBG-DR and CDBG-MIT funded programs include a public services component. Subrecipients may also develop public services programs to both support other CDBG-DR and/or CDBG-MIT programs and/or as a stand-alone program.

Please note that the amount of CDBG-DR funds used for public services activities may be capped or subject to the 15 percent CDBG statutory limitation on public services.

18.19 Public Services Activities

Potentially eligible public services activities include but are not limited to:

- Transportation services;
- Healthcare services;
- Medical education services;
- Housing and/or rehousing services;
- Mental health services;
- Case management services;
- Legal services;
- Housing counseling services;



- Employment services;
- Education Programs;
- Services for senior citizens;
- Services for homeless persons;
- Substance abuse services (counseling and treatment);
- Counseling;
- Job training and education services;
- Workforce development; and
- Childcare services.

Ineligible public services activities are those that:

- Do not have a direct tie-back to the specific disaster associated with the CDBG-DR funds;
- Do not address a HUD National Objective;
- Do not primarily benefit LMI persons/households;
- Provide “income payments;”
- Consist of political activities; or
- Are outside of any set funding caps or limitations.

18.20 Public Services Procurement and Selection

Subrecipients executing public service activities may need to procure an outside provider for implementation. Subrecipients must follow procurement requirements at 2 CFR 200.

Subrecipients may also utilize an application or NOFA process. The application or NOFA establishes the process and acceptance period, threshold criteria, selection criteria, and the award process.

Selection criteria and any prioritization of beneficiaries should be established in the Public Services guidelines, NOFA/RFP, or application. Selection criteria may include, at a minimum, the following:

- Activity and need;
- Cost reasonableness and effectiveness;
- Activity management and implementation; and
- Experience/past performance.



18.21 Resources

The GLO-CDR has created a comprehensive website which contains necessary forms, checklists, detailed guidance documents, and additional resources to supplement this Implementation Manual. Please see www.recovery.texas.gov for more information. The following resources are referenced within this chapter and will be updated as new forms and documents are developed.

| Resource Number | Topic | URL |
|-----------------|--|---|
| Resource 18.1 | GLO-CDR Economic Revitalization Program (Texas Back in Business) | https://recovery.texas.gov/hurricane-harvey/programs/texas-back-in-business/index.html |
| Resource 18.2 | HUD CDBG Economic Development Toolkit | https://www.hudexchange.info/resource/2376/cdbg-economic-development-toolkit/ |

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Please direct all questions regarding your specific program or project to your assigned GLO Grant Manager. Send comments related to the GLO-CDR Implementation Manual to ImplementationManual.glo@recovery.texas.gov.